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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600  
27 July 1965

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HIGHLIGHTS

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Peiping continues to insist that US forces must be withdrawn before negotiations are possible and has issued a new private warning designed to deter the US from escalation of the war.

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I. The Military Situation in South Vietnam:  
The relative lull in large-scale Viet Cong military operations continues, with no major actions reported during the past 24 hours. There were, however, several minor Communist-initiated actions reported late yesterday, including the mortar shelling of a bridge in the I Corps area, renewed sniping against government forces defending the capital of Kontum Province, and the mining of a Regional Forces truck convoy in the Mekong Delta province of Phong Dinh (Paras. 1-2). On the government side, clashes were reported yesterday on the Ca Mau Peninsula in southernmost An Xuyen Province and in Chau Doc Province, near the Cambodian border (Para. 3). Since May, the security situation in Quang Ngai Province has deteriorated rapidly to a point where the government controls only small areas around the province capital, the district towns, and a few outposts (Para. 6).

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**II. Political Developments in South Vietnam:**

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**Certain French plantation owners, whose plantations suffered damage during air strikes in mid-June against attacking Viet Cong forces, are reported to be collecting data for possible war damage claims (Para. 3).**

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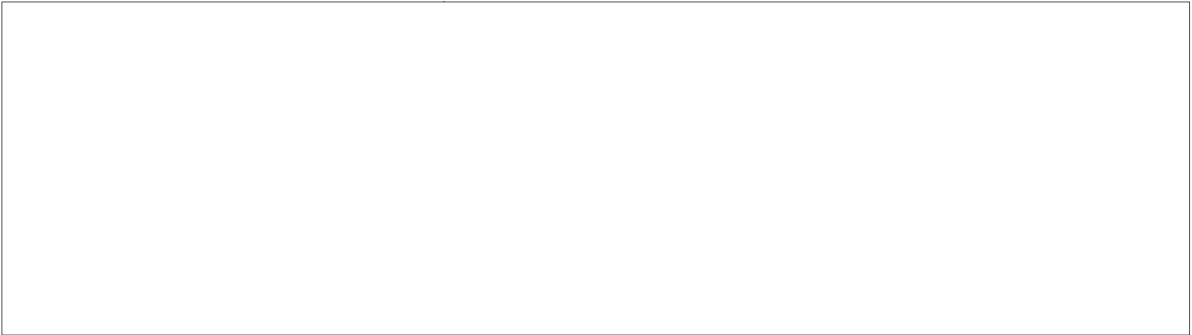
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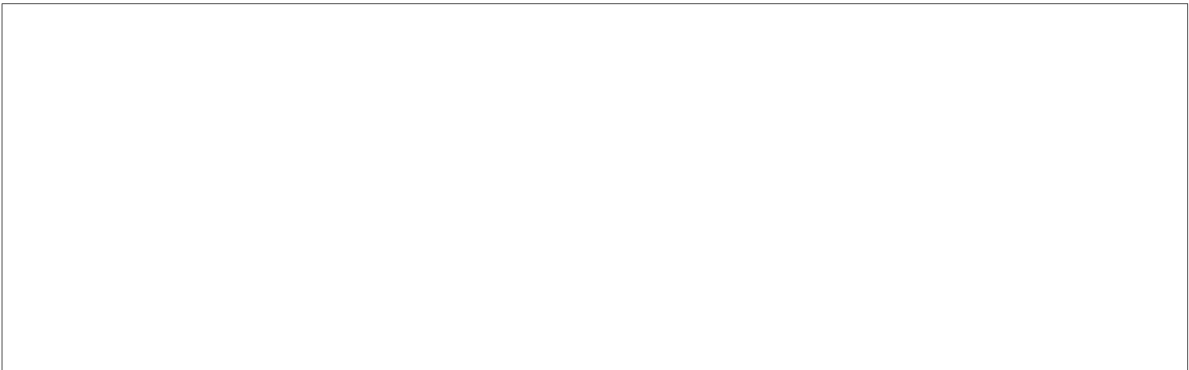
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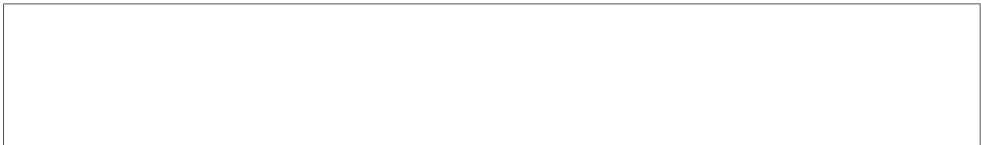


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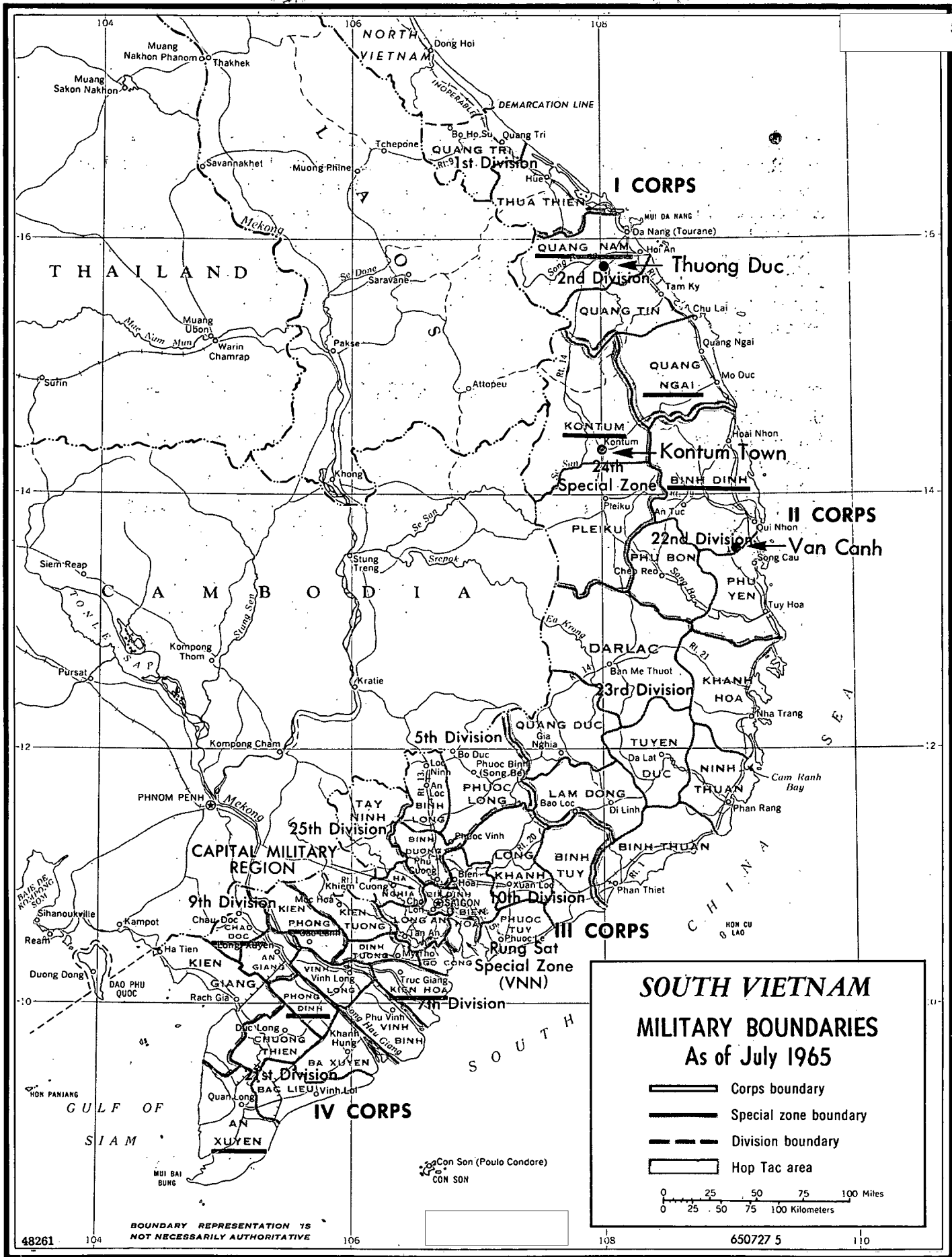


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I. MILITARY SITUATION IN SOUTH VIETNAM

1. The relative lull in large-scale Viet Cong military operations continues, with no major actions reported during the past 24 hours.

2. Several minor clashes were reported late yesterday in widely scattered provinces. In the I Corps area, an estimated but unconfirmed Viet Cong battalion attacked with mortars an undefended bridge 275 miles northeast of Saigon; occupied the bridge for about an hour and then withdrew. There were no friendly casualties and the bridge received little damage. In the central highlands, Vietnamese Army units defending the Kontum Province capital of Kontum town received Viet Cong small-arms fire last night. Casualties were described as "light." In the Mekong Delta, Communist saboteurs reportedly mined one of 11 trucks transporting Regional Forces recruits to a training center in southern Phong Dinh Province, 85 miles southwest of Saigon. Casualties among the trainees were also reported as "light."

3. On the government side, a Popular Forces platoon reportedly ambushed a Viet Cong unit on the Ca Mau Peninsula in southernmost An Xuyen Province, 150 miles southwest of Saigon. Ten guerrillas were reported killed; friendly losses were described as "moderate." A South Vietnamese special forces unit on a clearing operation in Chau Doc Province, 120 miles west of Saigon, reportedly engaged an estimated 150 Viet Cong near the Cambodian border, with unknown results.

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4. MACV's military report for 25 July shows 80 Viet Cong - initiated incidents, 17 of them occurring during the 24-hour reporting period. A Communist force of undetermined strength ambushed a Regional Forces platoon on a reconnaissance patrol in Kien Hoa Province. Losses were one killed, one wounded, 17 missing, and 18 weapons captured. The district towns of Thuong Duc and Van Canh, in Quang Nam and Binh Dinh provinces, respectively, and a South Vietnamese Special Forces camp in Kien Phong Province, were shelled with mortars and harassed by small-arms fire. Meanwhile, guerrilla activity continued to focus on small-scale terrorism, harassment of government-controlled hamlets, outposts, and watchtowers, mine detonations, and communications sabotage.

5. Pilot reports from combat air operations flown by USAF, US Army, USMC, USN, and VNAF aircraft against enemy targets throughout South Vietnam on 25 July estimate a total of 288 Viet Cong killed, 207 structures destroyed, 116 damaged, and 30 sampans destroyed.

6. [REDACTED]

the security situation in the province has sharply deteriorated since May. Effective government control is now limited to the provincial capital, district towns, and a few isolated outposts. Total government troops in the province are estimated to number only slightly more than the Viet Cong and appear to be less well-armed; the Viet Cong, if they choose to press their campaign, are in a favorable position to take over the province piecemeal. Rural reconstruction in Quang Ngai appears to have all but ceased, and the large number of refugees--estimated at 75,000 to 100,000--concentrated around district towns and the province capital, create another element of potential instability.

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## II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. According to as yet unconfirmed press reports, the chairman of the military Directory, General Thieu, has dismissed US-educated economist Nguyen Xuan Oanh from his position as governor of the Vietnamese National Bank. Oanh has not been highly regarded in some Vietnamese circles principally because of his political maladroitness, and also because of his technical competence. His removal probably stems from his recent unauthorized submission of certain economic proposals to both Thieu and the International Monetary Fund before any policy decision by the Ky government.

2. [redacted] the brother-in-law of former strongman General Khanh is attempting, under Khanh's instructions, to organize the former premier's military and civilian followers in Vietnam to work for his return. Although one of two ranking generals are believed still to regard Khanh as the country's best-equipped leader, his departure was regretted by few civilians, particularly the Catholics, and a recent report indicated that a majority of the ruling Directory favored Khanh's retirement.

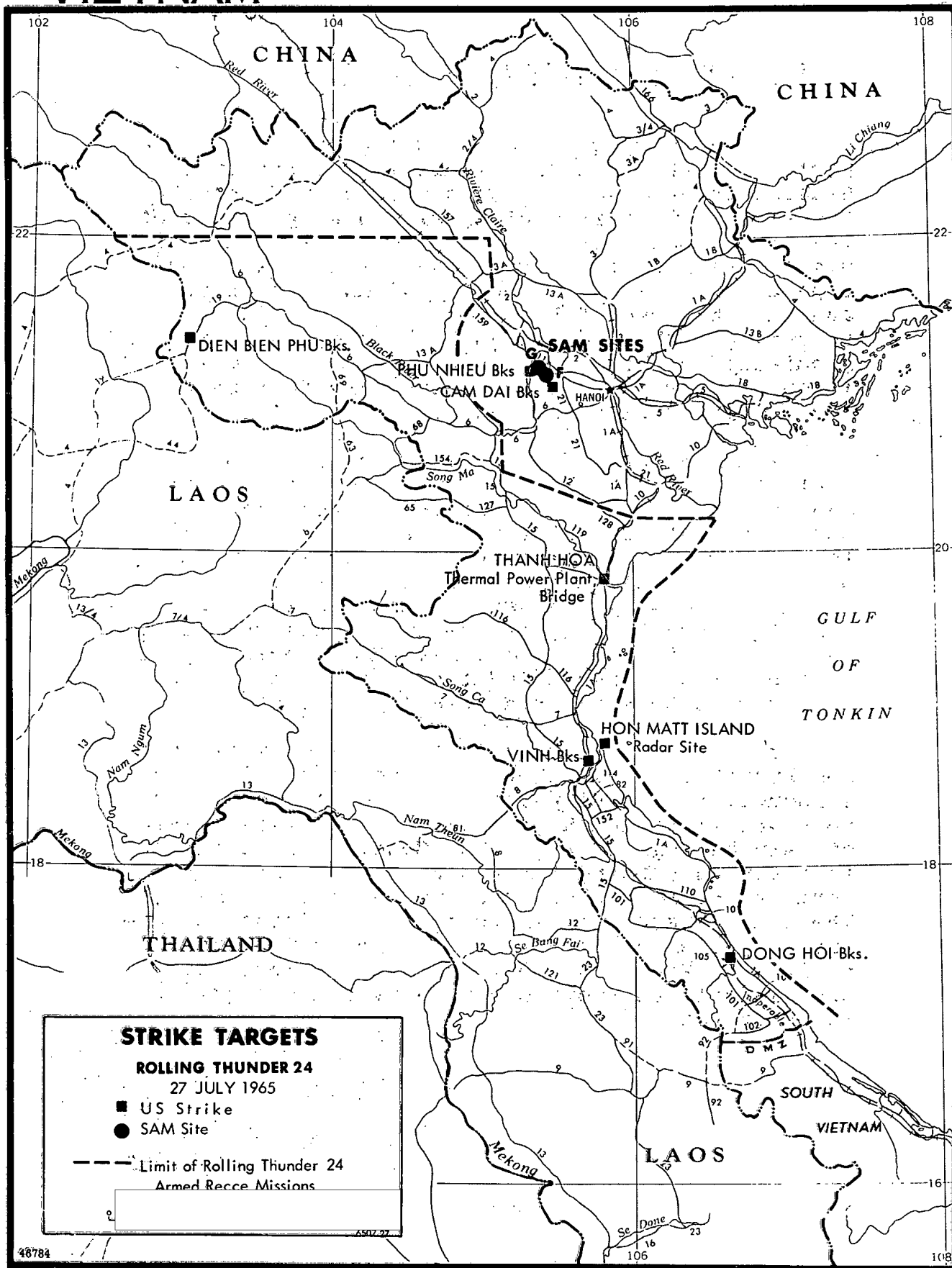
3. [redacted] various French plantation owners have been collecting evidence, including photos, of recent damage caused to plantations north of Saigon from US-Vietnamese air strikes against the Viet Cong. This evidence is reportedly being forwarded to Paris and may form the basis for eventual war damage claims. There have been earlier reports that French planters suspected a deliberate Vietnamese Government policy of harassment because of suspicions that the plantations provide sanctuary and support to the Viet Cong.

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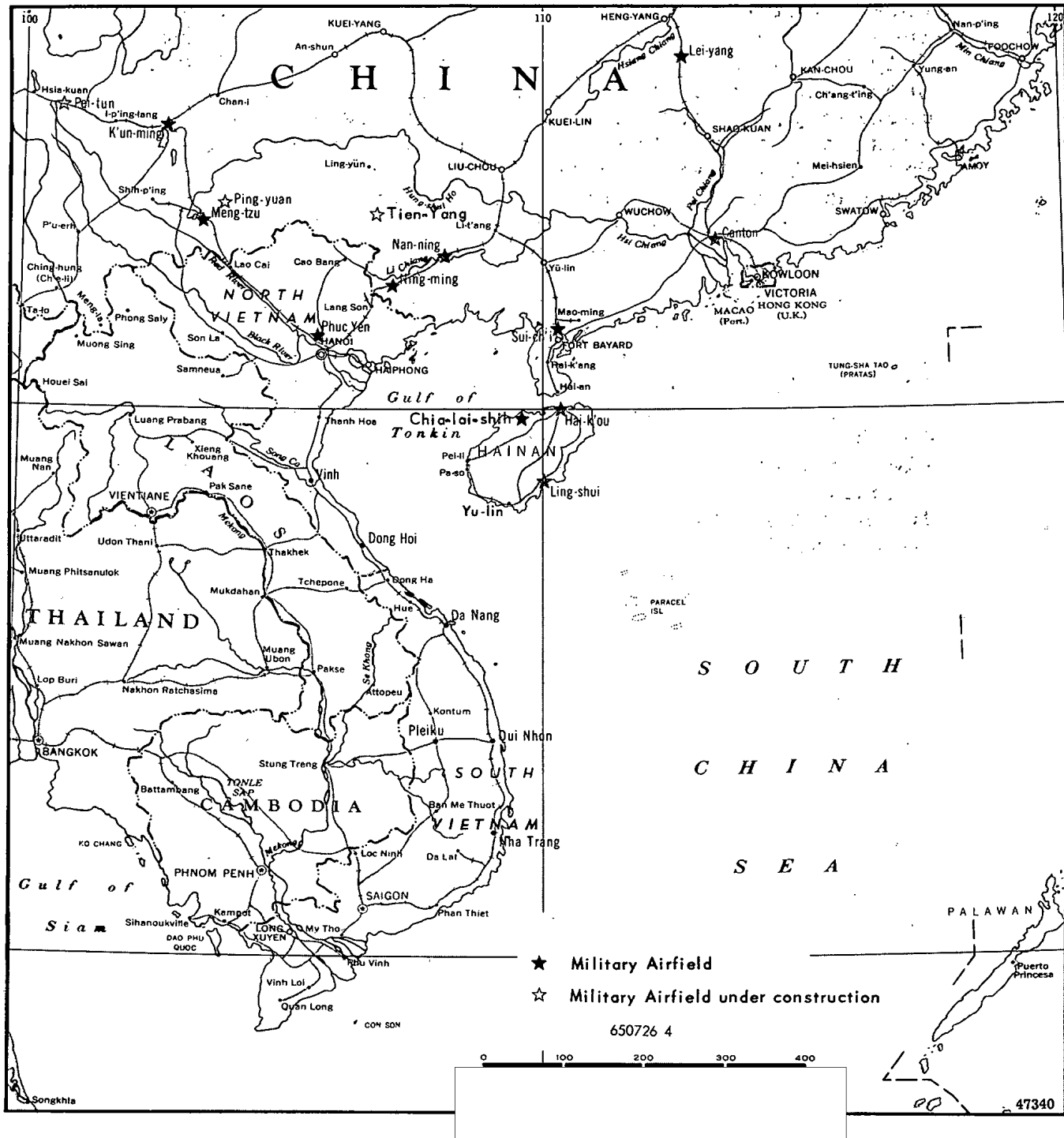
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